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From: Jocelyn.Boyd
Sent: Tuesday, October 01, 2013 9:19 AM
To: Deborah.Easterling
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Subject: FW: Docket #2005-385-E
Attachments: SACE_Comments to South Carolina PSC_9-30-2013.docx

From: Charlie Coggeshall [mailto:charlie@cleanenergy.org]
Sent: Tuesday, October 01, 2013 12:19 AM
To: Jocelyn.Boyd
Subject: Fwd: Docket #2005-385-E

Ms. Boyd,

Attached are the Southern Alliance for Clean Energy comments regarding the Subject docket. These were submitted previously to the wrong email address.

Please confirm your receipt.

Thank you.

Charlie

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September 30, 2013

Jocelyn Boyd
101 Executive Center Drive, Suite 100
Columbia, SC 29210

Dear Ms. Boyd,

The Southern Alliance for Clean Energy (SACE) appreciates the opportunity to provide a written assessment of net metering in South Carolina. As a regional entity with over 25 years of experience in clean energy advocacy, SACE provides a unique perspective in evaluating the strengths and weaknesses of clean energy policies throughout the southeast. The following assessment looks at net metering as it relates to the market opportunities and challenges for solar photovoltaics (PV).

South Carolina stands out in the southeast as an "untapped" solar market. At the end of 2012, the Palmetto state had about 4.6 megawatts (MW) of PV capacity, with only one other state – Alabama – having less capacity in the southeast.[1] Population size is a factor that skews this result, but even when the comparison is installed PV "watts per capita[2]," South Carolina remains the second lowest in the southeast (again in front of Alabama). A closer look reveals that South Carolina is an order of magnitude behind many of its neighbors, and, assuming no major policy or regulatory changes are made, this trend will likely continue. For example, North Carolina has over 300 MW of PV capacity installed today[3], Florida has about 125 MW[4], and Georgia is on track to have nearly 800 MW over the next several years.[5]

Weak net metering rules are not the sole culprit for South Carolina's lagging solar industry, but they are indeed an impediment. A marginally better net metering program in North Carolina and very good net metering program in Florida have enabled these states to develop substantial non-residential solar markets. Solar is a booming industry across the country due to rapid price reductions, business innovation, and consumer and political interests. A thriving solar industry brings with it free market options for individuals and businesses, societal benefits in the form of environmental impact reductions and economic development, and, finally, quantifiable benefits for utilities and their grid systems. Continued price declines and increasing awareness and interest in solar will put more pressure on South Carolina to update their net metering and interconnection standards to meet growing demand.

The following recommendations highlight initial steps to improve the net metering programs in South Carolina as well as additional recommendations for moving the state toward a more sophisticated energy economy.

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[1] Interstate Renewable Energy Council, *U.S. Solar Market Trends 2012*. July 2013. Found at: http://www.irecusa.org/wp-content/uploads/2013/07/Solar-Report-Final-July-2013-1.pdf
[2] Watts per capita is calculated by dividing the total PV watts installed in a state by the state's population.
[3] SEIA. North Carolina Solar page. Found at: http://www.seia.org/state-solar-policy/north-carolina
[4] SEIA. Florida Solar page. Found at: http://www.seia.org/state-solar-policy/florida
[5] WSJ. Found at: http://online.wsj.com/article/PR-CO-20130918-909250.html

Recommendations

1. Increase the non-residential system cap limit to 2 MW
2. Replace the 0.2% aggregate capacity limit with a 5% capacity limit.
3. Remove annual resetting of customer credit balances, and instead, allow for indefinite rollover of credit, with the exception of allowing for payments if the customer so chooses.
4. Allow the system owner to retain full ownership of all renewable energy credits.
5. Allow virtual net energy metering and meter aggregation options for all customers.
6. Update interconnection standards to be consistent with the net metering recommendations made above, and/or consistent with updated Federal Energy Regulatory Commission's (FERC) small generator interconnection procedures and applications.[6]
7. Ensure customer generators are not forced to pay rates, charges, or fees that are not also required of similarly situated customers that are not customer-generators.

Additional considerations

- SACE recommends that South Carolina develop a methodology, via a public process, for identifying and quantifying the costs and benefits of distributed PV. These costs and benefits should be explored at the granular level for the utility and grid system, in addition to acknowledging societal costs and benefits in meeting public policy goals. In turn, the methodology can be used by regulated utilities in support of their net metering or other distributed solar programs. This process can begin in parallel to implementing the net metering recommendations suggested above.
- Provide a public process for reviewing South Carolina's net metering and interconnection standards/programs every 2-3 years to ensure the state is flexible in adapting to rapidly changing market dynamics.

In 2012, there was $11.5 billion invested in solar installations across the country, supported by a workforce of 119,000 people throughout the solar value chain. Most states in the southeast have been a part of this market advancement, such as Florida, Georgia, North Carolina, and Tennessee, which currently account for 7,000 jobs in the solar industry. Adjustments to South Carolina's net metering rules and developing a value of solar analysis/methodology of distributed PV will position the state to begin competing for the solar business development that currently benefits surrounding states.

Sincerely,

Charlie Coggeshall
Renewable Energy Manager
Southern Alliance for Clean Energy

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[6] FERC is in the process of updating these procedures. IREC provides model procedures in line with the anticipated updated FERC standards. See here: http://www.irecusa.org/wp-content/uploads/2013-IREC-Interconnection-Model-Procedures.pdf